Weekly Economic Review

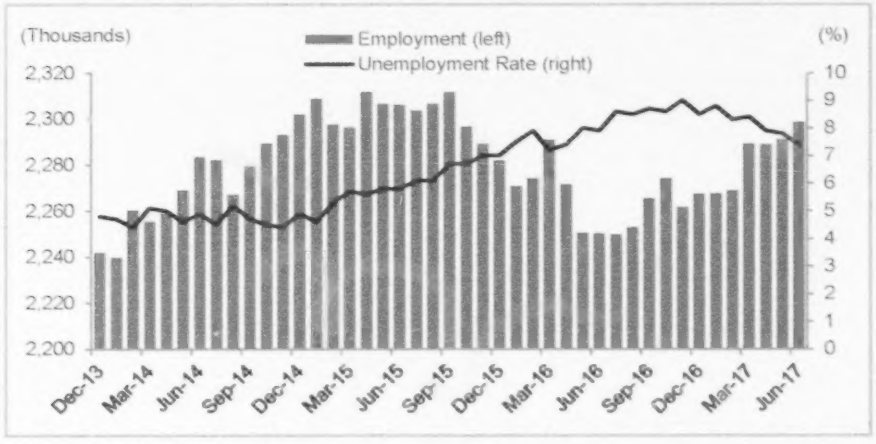
Labour market continues to strengthen

Employment

June caps off a positive first half of 2017

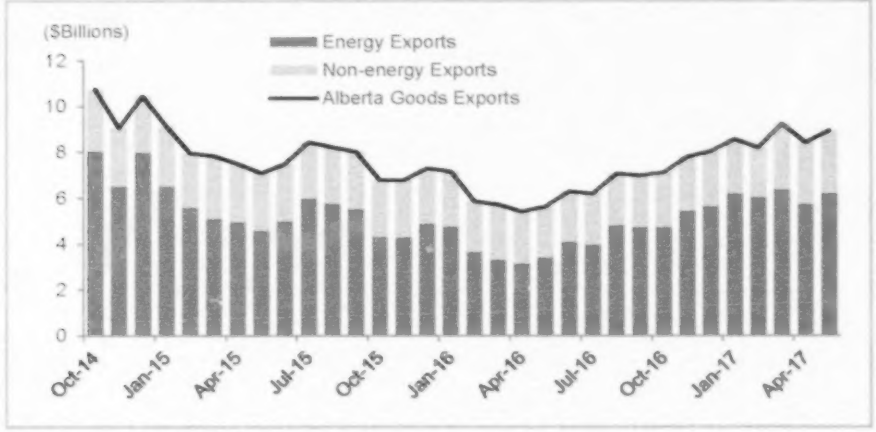
After two months of relative stability, the province added 7,500 jobs in June, lifting year-to-date employment growth to 0.7%. The unemployment rate fell 0.4 percentage points to 7.4%, marking the lowest unemployment rate since March 2016 (Chart 1). Despite the strong headline numbers the shift from part-time to full-time employment observed during the recovery took a step back as part-time gains (+18,800) offset full-time losses (-11,400). Private sector employment fell 18,100, reversing all of May's gains. At the industry level, gains were fueled by the service sector. Goods sector jobs dipped slightly with construction employment reaching a five-year low. Student summer employment was up 11% year-over-year in June to 149,000. Alberta has added over 30,000 jobs since December 2016 and has gained jobs in every month except for April, which was basically flat. Nationally, Canada added 45,300 jobs in June and the unemployment rate fell to 6.5%.

Chart 1: Unemployment rate falls to lowest point in 15 months
Alberta unemployment rate and employment



Source: Statistics Canada

Chart 2: Exports climb but remain below previous peak
Alberta international goods exports



Source: Statistics Canada

Building Permits

Public and residential sectors rise

The value of Alberta building permits jumped to $1.2 billion in May. Government and institutional permit values jumped by $103 million. This combined with growth in residential permits to more than offset falling industrial and commercial building intentions. Despite the monthly gain, building permit values year-to-date were 3.9% lower than in the first five months of 2016.

Merchandise Trade

Exports rebound

Alberta's international goods exports climbed 6.2% in May to $8.9 billion. Energy exports led the rise, increasing 7.9%. Non-energy exports rebounded (+2.8%) as growth in farm, fishing and food products, aircraft and other transportation equipment and consumer goods outweighed losses in forestry products and basic industrial chemical, plastic and rubber products. Year-to-date, Alberta goods exports are up 46% and have recovered

about two-thirds of the losses from September 2014 to April 2016 (Chart 2).

Supply and Disposition of Oil

Ongoing outages from explosion

Oil production outages continued in April following an explosion at Syncrude's Mildred Lake oil sands facility the month before. As a result, synthetic crude oil production fell 24% in April, leading to a 10% decline in total oil production (Chart 3). Conventional oil production grew for the sixth straight month. Compared to April 2016, total oil production was up 4.2%.

Consumer Bankruptcies

Insolvencies fall from recent peak

After jumping to a seven-year high in March, the number of consumer insolvencies in Alberta declined sharply in April. The number of consumer insolvencies fell from 1,277 to 1,024, as both the number of bankruptcies and proposals dropped. Compared to a year ago, April had 19% fewer bankruptcies and 8.2% fewer proposals. Despite the improvement, the number of insolvencies remains higher than normal after increasing in early 2016 (Chart 4). However, on a per capita basis, the number of consumer insolvencies in Alberta remains below the Canadian average.

Canadian Real GDP

Economy maintains momentum

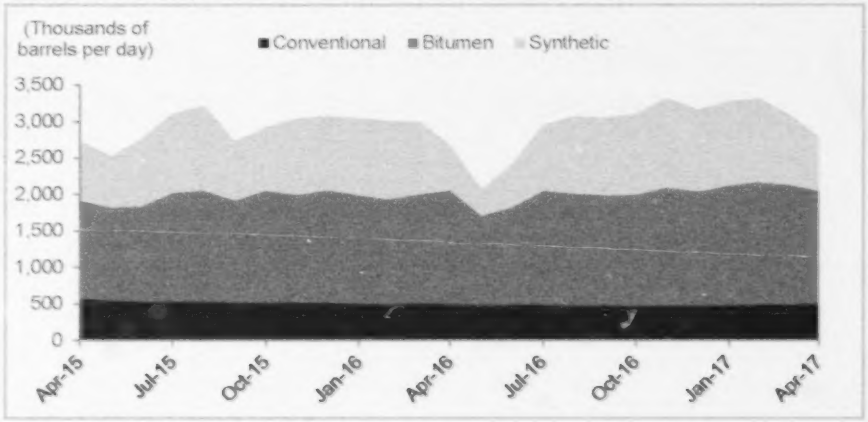
Building on gains through the first three months of 2017, Canadian real GDP increased 0.2% in April. This pushed year-to-date growth to 2.8%, as activity increased in 14 of 20 industries. The service producing sector increased 0.3%, with strength coming from transportation and warehousing and trade. The goods producing sector was essentially unchanged. Production outages continued to weigh on the non-conventional oil extraction industry, with GDP declining for the second straight month in April. This was more than offset, however, by a surge in GDP from support activities for oil and gas, which increased by double digits for the second month in a row and has doubled since April 2016. The surge in this industry has resulted from increased drilling activity, which has also doubled from last year's levels.

US Labour Market

Employment gains continue

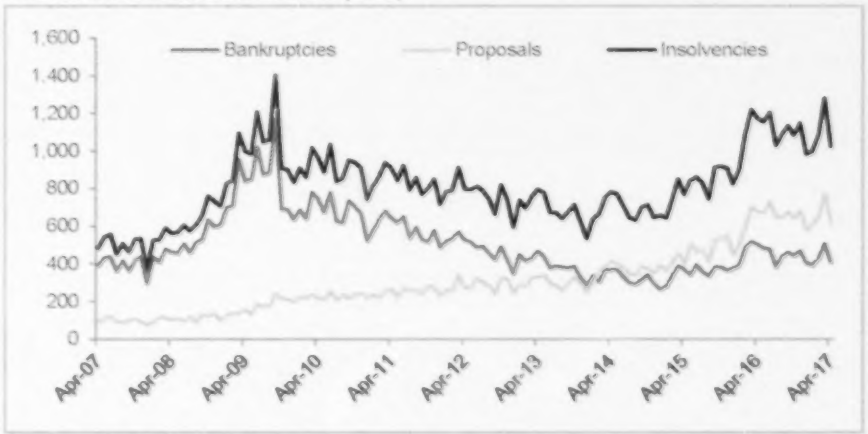
US non-farm employment increased 222,000 in June, marking almost seven consecutive years of monthly gains. Health care, social assistance, financial activities and mining saw the strongest increases. The unemployment rate inched higher by 0.1 percentage points to 4.4% as more people joined the labour market in search of work.

Chart 3: Syncrude explosion weighs on oil production
Alberta crude oil production



Source: Alberta Energy Regulator

Chart 4: Proposals keeping insolvencies elevated
Alberta consumer insolvencies (NSA)



Source: Industry Canada

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.